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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/890,815	02/06/2002	David Lockwood	53887-017	7720

20277 7590 03/28/2003

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WASHINGTON, DC 20005-3096

EXAMINER

DASS, HARISH T

ART UNIT	PAPER NUMBER
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3628

DATE MAILED: 03/28/2003

Please find below and/or attached an Office communication concerning this application or proceeding.

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<b>Office Action Summary</b>	<b>Application No.</b>	<b>Applicant(s)</b>	
	09/890,815	LOCKWOOD, DAVID	
	<b>Examiner</b>	<b>Art Unit</b>	
	Harish T Dass	3628	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

**Period for Reply**

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).
- Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

**Status**

- 1) ☒ Responsive to communication(s) filed on 26 February 2002.
- 2a) ☐ This action is **FINAL**.                      2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

**Disposition of Claims**

- 4) ☒ Claim(s) 1-6 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-6 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

**Application Papers**

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
- Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
- 11) ☐ The proposed drawing correction filed on \_\_\_\_\_ is: a) ☐ approved b) ☐ disapproved by the Examiner.
- If approved, corrected drawings are required in reply to this Office action.
- 12) ☐ The oath or declaration is objected to by the Examiner.

**Priority under 35 U.S.C. §§ 119 and 120**

- 13) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some \* c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
- \* See the attached detailed Office action for a list of the certified copies not received.
- 14) ☐ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. § 119(e) (to a provisional application).
- a) ☐ The translation of the foreign language provisional application has been received.
- 15) ☐ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. §§ 120 and/or 121.

**Attachment(s)**

- |  |   |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892)                                  | 4) <input type="checkbox"/> Interview Summary (PTO-413) Paper No(s). _____  |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948)                         | 5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152) |
| 3) <input checked="" type="checkbox"/> Information Disclosure Statement(s) (PTO-1449) Paper No(s) <u>3</u> . | 6) <input type="checkbox"/> Other: _____                                    |

## DETAILED ACTION

### ***Claim Rejections - 35 USC § 103***

1. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

**Claims 1-5 are rejected under 35 U.S.C. 103(a) as being unpatentable over Zandi (US 5,966,699) in view of Chichilnisky (US Pat. 2002/0032642)**

Regarding claims 1 and 3, Zandi discloses a system and method for conducting an electronic loan auction over computer network (Internet) such that a prospective borrower may choose among bids the one that offers the most favorable terms [Abs; Fig. 1], receiving a plurality of first indications of offers to lend a security from respective lenders, each of the offers to lend a security indicating a corresponding quantity of the security and a corresponding fee and receiving a plurality of second indications of offers to borrow the security from respective borrowers, each of the offers to borrow the security indicating a corresponding quantity of the security and a corresponding fee [C6 L1-L67], matching one of the offers from one lender of the lenders with one of the offers from one borrowers of the borrowers based on the corresponding quantity and the fee and sending respective notifications of a transaction between the one lenders and the one borrower based on the matched offer [C8 L1-L67]. Zandi, explicitly, does not

disclose mutual exchange of securities. However, Chichilnisky discloses cross border trading of securities, and more particularly to an international Internet based secure virtual exchange and distributed relational database for cross border trading. It would have been obvious to one of ordinary skill in the art at the time the Applicant's invention was made to modify disclosure of Zandi and include lending and borrowing of securities, as taught by Chichilnisky, to expand the lending service to new products.

Regarding claim 2, Zandi discloses further comprising recording the transaction in a database electronically accessible to a plurality of borrowers and lenders over at least one computer network and least one computer [C14 L40-L56].

Regarding claim 4, Zandi discloses wherein said computer system is strictly connected to separate listing financial incentives for real-time confirmation of acceptable financial transactions of the borrowing and lending of securities [C1 L52-L61; C2 L49-L61; C3 L56 to C4 L26].

Regarding claim 5, Zandi discloses at least one Web computer server for serving as host for computer browsers and providing said browsers with the capability to participate in various auctions of a single product at a specified time the specified number of the product available for sale, and a Web server cooperating the set the database computer separate from some of servers, said computer based computer being in communication with at least one said Web computer server to allow retrieval

product information which includes [C3 L19-L34], securities description [C6 L1-L67], a quantity of the security to be auctioned [C8 L1-L5], a duration of the auction [C2 L28-L31], and a minimum amount and rate [C8 L2-L3; C10 L33-L45; C5 L41-L43].

**Claim 6 is rejected under 35 U.S.C. 103(a) as being unpatentable over Zandi in view of Chichilnisky as applied to claim 3 above, and further in view of Huberman (US 6,078,906)**

Regarding claim 6, either Zandi or Chichilnisky do not disclose configured for implementing one or more auction mechanisms, including an English auction, a Dutch auction, a first price sealed bid uniform second price double auction, a simultaneous bidding hazard system, a handshake whisper time interval auction, a silent auction, a callable bid rotation auction, and a Swiss auction. However, Huberman discloses configured for implementing one or more auction mechanisms, including an English auction, a Dutch auction, a first price sealed bid uniform second price double auction, a simultaneous bidding hazard system, a handshake whisper time interval auction, a silent auction, a callable bid rotation auction, and a Swiss auction [C10 L31-L67]. It would have been obvious to one of ordinary skill in the art at the time the Applicant's invention was made to modify disclosure of Zandi and include English auction, a Dutch auction, and other types, as taught by Huberman to provide different types of options for auctioning.

**Conclusion**

2. The prior art made of record and not relied upon is considered pertinent to applicant's disclosure. Applicant is required under 37 CFR ' 1.111 (c) to consider the references fully when responding to this action.

US Pat 6,408,282 to Buist Jun. 18, 2002 "System and method for conducting securities transactions over a computer network", this invention discloses computer-aided trading of financial instruments, and preferably to trading of securities over the Internet.

US Pat 6,058,379 to Odom et al "Real-Time Network Exchange With Seller Specified Exchange Parameters And Interactive Seller Participation", this invention discloses electronic exchange of goods and services via electronic network.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Harish T Dass whose telephone number is 703-305-4694. The examiner can normally be reached on 8:00 AM to 4:50 PM.

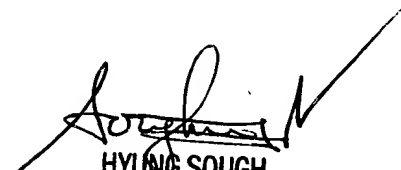
If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Hyung S Sough can be reached on 703-308-0505. The fax phone numbers for the organization where this application or proceeding is assigned are 703-305-7687 for regular communications and 703-746-7238 for After Final communications.

Art Unit: 3628

Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the receptionist whose telephone number is 703-308-1113.

Harish T Dass *HTD*  
Examiner  
Art Unit 3628

3/19/03  
March 19, 2003

  
HYUNG SOUGH  
SUPERVISORY PATENT EXAMINER  
TECHNOLOGY CENTER 3600